

HARBOR SPRINGS PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS

(with required supplementary and additional information)

JUNE 30, 2008

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-x
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Reconciliation of Balance Sheet of Governmental Funds to Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Net Assets	7
Statement of Changes in Fiduciary Net Assets	8
Notes to Financial Statements	9-26
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	27
Combining and Individual Fund Financial Statements	
Nonmajor Governmental Fund Types	
Combining Balance Sheet	28-29
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	30-31
Financial Statements of Individual Funds	
General Fund	
Balance Sheet	32
Statement of Revenues, Expenditures and Changes in Fund Balance	33-34
Analysis of Revenues and Other Financing Sources	35-36
Analysis of Expenditures and Other Financing Uses	37-41

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	<u>PAGES</u>
Fiduciary Fund Types	
Combining Balance Sheet	42
Combining Balance Sheet – Private Purpose Trust Funds	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Private Purpose Trust Funds	44
Statement of Cash Receipts, Disbursements and Balance – Agency Fund	45-48
Other Supplementary Information	
Selected Statistical Data	49-50
Schedules of Bond Indebtedness	51-58
Internal Control and Compliance	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

July 16, 2008

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Harbor Springs Public Schools
Harbor Springs, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Harbor Springs Public Schools, Harbor Springs, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Harbor Springs Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Harbor Springs Public Schools, Harbor Springs, Michigan, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2008, on our consideration of Harbor Springs Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through x and 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harbor Springs Public Schools, Harbor Springs, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

As management of *Harbor Springs Public Schools* (the “District”), a K-12 school district located in Emmet County, Michigan, we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

The District’s financial statements consist of Management’s Discussion and Analysis (this section) and the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are the *District-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status. These statements present an aggregate view of the District’s finances and a longer-term view of those finances.
- The next statements are *fund financial statements* that focus on individual funds of the District. These statements look at the District’s operations in more detail than the District-wide financial statements by providing information about the District’s most significant funds – the General Fund and the Sinking Fund, with all other funds presented in one column as non-major funds.

The *statement of fiduciary net assets* and the *statement of changes in fiduciary net assets – private purpose trust funds*, present financial information about activities for which the District acts solely as an agent for the benefit of students and parents.

District-wide financial statements. The *District-wide financial statements* report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets and the statement of activities, which appear first in the District’s financial statements, include all assets and liabilities and use the accrual basis of accounting. This means that all of the current year’s revenues and expenses are taken into account regardless of when cash is received.

The two District-wide financial statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health or position. Over time, increases or decreases in the District’s net assets are an indicator of whether its financial position is improving or deteriorating.

The relationship between revenues and expenses is the District’s operating results. However, it should be noted that unlike most private-sector companies where improving shareholder wealth is the goal, the District’s goal is to provide services to our students. Therefore, in order to assess the

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

overall health of the District, one must consider many non-financial factors such as the quality of education provided, breadth of curriculum offered, condition of school facilities and the safety of the schools.

The statement of net assets and statement of activities report the governmental activities for the District, which encompass all of the District’s services including instruction, supporting services, community services, food services and athletics. Property taxes, unrestricted state aid, state grants, and federal grants finance most of these activities.

Fund financial statements. The District’s *fund financial statements* provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants, though the District may establish other funds to help control and manage money for particular purposes. It may also establish other funds to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The fund level financial statements are reported on a modified accrual basis, which measures only those revenues that are “measurable” and “currently available”. Expenses are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education’s Bulletin 1022. In the State of Michigan, the District’s major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including:

- Debt Service Funds – consisting of the 1991, 2001, 2006 and 2007 Debt Service Funds.
- Special Revenue Funds – consisting of the Food Service Fund, Athletic Activities Fund and the Community Services Fund.
- Capital Projects Funds – consisting of the 2001 Bond Construction Capital Project Fund and the Sinking Fund.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. Future debt obligations are not recorded.

The District is the trustee, or fiduciary, for its student activity funds. All of the District’s fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Financial Analysis of the District as a Whole

As stated earlier, the statement of net assets provides the perspective of the District as a whole. The District's net assets at June 30, 2008 increased approximately 1.2% percent to approximately \$13.1 million. Table 1 provides a summary of the District's net assets as of June 30, 2008 and 2007:

Harbor Springs Public Schools
Net Assets
Table 1

	Governmental Activities	
	2008	2007
Assets		
Current assets	\$ 5,564,669	\$ 4,806,842
Non Current Assets	41,881,748	42,313,381
Total assets	<u>47,446,417</u>	<u>47,120,223</u>
Liabilities		
Current liabilities	2,698,570	3,323,850
Long-term liabilities	31,668,593	32,577,973
Total Liabilities	<u>34,367,163</u>	<u>35,901,823</u>
Invested in capital assets, net of related debt	12,470,848	11,720,251
Restricted for debt service	0	5,591
Unrestricted (deficit)	608,406	(507,442)
Total net assets	<u>\$ 13,079,254</u>	<u>\$ 11,218,400</u>

Investment in capital assets, net of related debt of \$12,470,848, is the original cost of the District's capital assets, less depreciation, less the long-term debt outstanding used to finance the acquisition of those assets. This debt will be repaid from voter-approved property taxes collected as the debt and interest payments come due.

The remaining amount of unrestricted net assets of approximately \$608 thousand represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

The results of this year's operations for the District as a whole are reported in the statement of activities, summarized in Table 2, which shows the changes in net assets for fiscal year 2008 and 2007:

Harbor Springs Public Schools
Change in Net Assets
Table 2

	Governmental Activities	
	2008	2007
Revenues		
Program revenues		
Charges for services	\$ 619,990	\$ 620,571
Grants and contributions	1,018,387	971,425
Capital grants and contributions	24,204	91,580
General Revenues		
Property taxes	14,288,921	12,742,455
Unrestricted investment interest	282,040	321,486
Unrestricted state aid	72,247	172,802
Gain on Sale of Capital Assets	900	0
Other	32,285	146,185
Total revenues	16,338,974	15,066,504
Expenses		
Instruction	6,768,271	6,522,191
Support services	3,773,735	3,564,008
Community services	340,989	318,240
Food services	325,596	335,366
Athletics	355,739	304,863
Constructions Projects	11,240	72,065
Other transactions	149,425	169,147
Interest/fees on long-term debt	1,635,385	1,596,168
Loss on disposal of capital assets	0	799,673
Depreciation (unallocated)	1,117,740	1,253,108
Total expenses	14,478,120	14,934,829
Increase in net assets	\$ 1,860,854	\$ 131,675

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Of the District's total revenues available to operate the District, approximately 4 percent or \$620 thousand came from fees charged to those who benefited from the programs. Approximately 6 percent or \$1 million of revenues came from other governments or organizations that subsidize certain programs with grants and other directed types of funding.

Local property taxes, in the amount of approximately \$14 million, mainly supported the remaining portion of the governmental activities. The property tax revenue represents 13.9911 mills on all non-homestead property, which the District is required by the State to levy in order to receive the full State foundation allowance. The unrestricted state aid accounted for approximately 0.5 percent or \$72 thousand of the revenue available. This revenue is determined by a formula that incorporates pupil headcount, the annual per pupil allowance, and the non-homestead property taxable values of the District.

Non-homestead taxable value increased 6.14% from the June 30, 2007 to June 30, 2008 school year, causing the District to receive less revenue from the State of Michigan. The State guaranteed foundation allowance for the District is \$8,433, per student and local revenue is \$9,209, per student, resulting in our District being an out-of-formula district. The local revenue generated above the state foundation allowance remains in our District.

The expense portion of Table 2 shows the financial support each functional area required during the year. Being in the business of educating children, the largest expenses were incurred in instruction, which accounted for approximately \$6.8 million or 47 percent of total expenses. Support services amounted to approximately \$3.8 million or 26 percent of all expenses, which includes such items as transportation, maintenance, security, supervision, counseling, and a variety of similar services that support the District's mission of educating children.

The District experienced an increase in net assets of \$1,860,854 or approximately 1.2 percent. A key reason for the increase in net assets is that, under the accrual basis of accounting, property taxes collected for debt service are recognized as revenue, while only interest on the debt is recognized as an expense. The increase in net assets differs from the change in fund balance and a reconciliation appears later in the financial statements.

Financial Analysis of the District's Funds

As noted earlier, the District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide, and may provide more insight in the District's overall financial health. As the District completed this year, the governmental funds reported a combined fund balance of approximately \$4.1 million, which is an increase of approximately \$416 thousand from the prior year.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Approximately 86 percent of total combined fund balance, or \$3.6 million, constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder of the fund balance, or approximately \$581 thousand, is *reserved* to indicate that it is not available for spending at the District's discretion. Of the reserved fund balance, approximately \$39 thousand is for inventory, \$171 thousand is earmarked for the capital projects and approximately \$371 thousand for payments on long-term debt.

The General Fund is the principal operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was approximately \$3.3 million, while total fund balance was approximately \$3.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance and total fund balance each represent approximately 30 and 30.3 percent, respectively, of total General Fund expenditures (excluding transfers out).

The fund balance of the District's General Fund increased by approximately \$243 thousand during the current fiscal year. This increase is primarily attributable to making necessary budget adjustments and purchasing necessary items only. The passage of the Building and Site Fund millage (Sinking Fund), allowed the District to embark on various building improvement projects (prioritized by the Board of Education) without using General Fund dollars, leaving more money available for K-12 Instruction. The District also received additional funds from the Charlevoix-Emmet Intermediate School District to offset our vocational costs.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires the budget be amended to ensure expenditures do not exceed appropriations. A schedule showing the District's original and final budget amounts, compared with amounts actually paid and received, is provided in the financial statements. Major changes to the General Fund original budget were:

- Expenditure containment
- Utility costs coming in less than budgeted
- Health insurance costs coming in less than budgeted
- Staffing changes from beginning of year to end of year
- Increase in federal funds received
- USF Funds
- Increase in local revenues due to changes in non-homestead taxable values
- Additional Discretionary Funds from the State of Michigan
- Received additional funds from the Charlevoix Emmet Intermediate School District to help offset vocational costs
- Addition of the Building and Site Fund (Sinking Fund)
- Added Phase 3 to Blackbird playground structure
- Designated \$85K of fund balance for a bus purchase for the 2008/09 school year

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Capital Asset and Debt Administration

Capital assets. By the end of June 30, 2008, the District had invested approximately \$41 million in a broad range of capital assets, including school buildings, land, vehicles, furniture and equipment (net of depreciation). This represents a net decrease (including all additions) of approximately \$371 thousand or 1 percent from last year. More detailed information about capital assets is available in Note III.C. to the financial statements.

Harbor Springs Public Schools
Capital Assets

	<u>2008</u>	<u>2007</u>
Land	\$ 2,660,623	\$ 2,660,623
Construction-in-progress	450,896	0
Land improvements	2,047,309	2,027,415
Buildings and additions	42,144,581	42,036,565
Buses and other vehicles	668,506	668,506
Furniture and equipment	<u>2,313,870</u>	<u>2,145,610</u>
Total capital assets	50,285,785	49,538,719
Less accumulated depreciation	<u>9,292,339</u>	<u>8,174,599</u>
Net capital assets	<u><u>\$40,993,446</u></u>	<u><u>\$41,364,120</u></u>

Debt. At year-end, the District had approximately \$32.8 million in general obligation bonds and other long-term debt outstanding – a reduction of 5 percent from last year. More detailed information about the District's long-term debt is presented in Note 3 D to the financial statements, and in the other supplementary information section.

Harbor Springs Public Schools
Long-Term Debt

	<u>2008</u>	<u>2007</u>
Bonds and contracts payable	\$ 28,356,684	\$ 29,643,869
Other general obligation debt	<u>4,448,460</u>	<u>5,023,695</u>
	<u><u>\$ 32,805,144</u></u>	<u><u>\$ 34,667,564</u></u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Factors Bearing on the District's Future

We considered many factors when setting the District's 2008-09 fiscal year budget.

- 89.5% of revenue comes from local tax dollars
- Declining interest rates
- Non-Homestead Property Tax values increased .005% and in the past they have increased 6 – 7% - Loss of \$350K
- Loss of Personal Property Tax due to the new Michigan Business Tax – Approximately \$157K
 - Industrial Personal
 - Commercial Personal
- 2% increase for wages
- Retirement rate decreasing from 16.72 % to 16.54 %
- Insurance rate increases of 7.3% for professional staff and 3.9% for support staff
- Increase in utilities
 - 20% increase in heating costs
 - 10% increase in electrical costs
- Increase of 20% for diesel fuel

Based on early enrollment data at the start of the 2008-09 school year, we anticipate that the September 2008 student count to be 1,104.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances. It is also designed to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, 800 State Road, Harbor Springs, Michigan.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 3,269,945
Investments	2,094,079
Taxes Receivable	36,256
Accrued Interest Receivable	14,045
Accounts Receivable	34,670
Due from Other Governments	76,514
Inventories	39,160
Total Current Assets	<u>5,564,669</u>

NON CURRENT ASSETS

Deferred Issuance Costs - Net	246,675
Deferred Loss on Refunding - Net	641,627
Capital Assets	50,285,785
Less Accumulated Depreciation	<u>(9,292,339)</u>
Total Non Current Assets	<u>41,881,748</u>
TOTAL ASSETS	<u><u>\$ 47,446,417</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 438,437
Retainage Payable	30,105
Payroll Deductions and Withholdings	19,028
Accrued Expenses	244,850
Salaries Payable	532,662
Deferred Revenue	131,023
Current Portion of Non Current Liabilities	<u>1,302,465</u>
Total Current Liabilities	<u>2,698,570</u>

NON CURRENT LIABILITIES

Bonds Payable - Net	28,522,598
Accrued Interest	339,633
Early Retirement Incentives	118,400
Compensated Absences	300,427
Other Obligations	3,690,000
Less Current Portion of Non Current Liabilities	<u>(1,302,465)</u>
Total Non Current Liabilities	<u>31,668,593</u>
Total Liabilities	<u>34,367,163</u>

NET ASSETS

Invested in Capital Assets Net of Related Debt	12,470,848
Unrestricted	<u>608,406</u>
Total Net Assets	<u>13,079,254</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 47,446,417</u></u>

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	EXPENDITURES	PROGRAM REVENUES			GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS	ACTIVITIES
					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 6,768,271	\$ 81,979	\$ 836,615	\$ 0	\$ (5,849,677)
Supporting Services	3,773,735	62,415	43,079	0	(3,668,241)
Community Services	340,989	218,575	0	0	(122,414)
Food Service Activities	325,596	210,511	138,693	0	23,608
Athletic Activities	355,739	46,510	0	0	(309,229)
Construction Projects	11,240	0	0	24,204	12,964
Interest on Long Term Debt	1,635,385	0	0	0	(1,635,385)
Other Transactions	149,425	0	0	0	(149,425)
Unallocated Depreciation	1,117,740	0	0	0	(1,117,740)
Total Governmental Activities	<u>\$ 14,478,120</u>	<u>\$ 619,990</u>	<u>\$ 1,018,387</u>	<u>\$ 24,204</u>	<u>(12,815,539)</u>
<u>GENERAL REVENUES</u>					
Property Taxes - Levied for General Purposes					11,025,760
Property Taxes - Levied for Debt Service					3,263,161
Investment Earnings					282,040
State Sources					72,247
Gain on Sale of Capital Assets					900
Other					32,285
Total General Revenues					<u>14,676,393</u>
Change in Net Assets					1,860,854
<u>NET ASSETS</u> - Beginning of Year					<u>11,218,400</u>
<u>NET ASSETS</u> - End of Year					<u>\$ 13,079,254</u>

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2008

	GENERAL FUND	SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,630,649	\$ 421,034	\$ 218,262	\$ 3,269,945
Investments	1,584,489	57,844	451,746	2,094,079
Taxes Receivable	29,732	0	6,524	36,256
Accounts Receivable	34,051	0	619	34,670
Due from Other Governments	76,514	0	0	76,514
Accrued Interest Receivable	14,045	0	0	14,045
Inventories	35,320	0	3,840	39,160
TOTAL ASSETS	\$ 4,404,800	\$ 478,878	\$ 680,991	\$ 5,564,669
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 118,712	\$ 278,631	\$ 41,094	\$ 438,437
Retainage Payable	0	30,105	0	30,105
Payroll Deductions and Withholdings	19,028	0	0	19,028
Salaries Payable	532,662	0	0	532,662
Accrued Expenses	243,776	0	1,074	244,850
Deferred Revenue	156,755	0	10,524	167,279
Total Liabilities	1,070,933	308,736	52,692	1,432,361
<u>FUND BALANCE</u>				
Reserved for Inventory	35,320	0	3,840	39,160
Reserved for Capital Projects	0	170,142	1,021	171,163
Reserved for Debt Service	0	0	371,031	371,031
Unreserved, Undesignated, Reported in:				
General Fund	2,980,604	0	0	2,980,604
Unreserved, Designated, Reported in:				
General Fund	317,943	0	0	317,943
Special Revenue Funds	0	0	252,407	252,407
Total Fund Balances	3,333,867	170,142	628,299	4,132,308
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,404,800	\$ 478,878	\$ 680,991	\$ 5,564,669

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2008

Total Governmental Fund Balances	\$ 4,132,308
----------------------------------	--------------

Amounts reported for governmental activities in the statement of net
different because:

Balance of taxes receivable at June 30, 2008, expected to be collected after September 1, 2008	36,256
---	--------

Capital assets used in governmental activities are not financial resources
and are not reported in the funds

The cost of the capital assets is	\$ 50,285,785	
Accumulated depreciation is	<u>(9,292,339)</u>	40,993,446

Other long-term assets are not available for pay for current period expenditures and,
therefore, are deferred in the funds. These assets consist of:

Deferred Loss on Refunding	641,627
Bond Issuance Costs	246,675
Bond Discount (Premium)	(165,914)

Long term liabilities are not due and payable in the current period and are
not reported in the funds

Bonds Payable	(28,356,684)
Early Retirement Incentives	(118,400)
Compensated Absences	(300,427)
Other Obligations	(3,690,000)

Accrued interest is not included as a liability in governmental funds, it is recorded when paid	<u>(339,633)</u>
--	------------------

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 13,079,254</u></u>
---------------------------------------	-----------------------------

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	GENERAL FUND	SINKING FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 10,725,418	\$ 743,701	\$ 3,805,332	\$ 15,274,451
State Sources	298,894	0	17,226	316,120
Federal Sources	196,292	0	121,467	317,759
Other Transactions	429,743	0	0	429,743
Total Revenues	11,650,347	743,701	3,944,025	16,338,073
<u>EXPENDITURES</u>				
Instruction	6,947,890	0	0	6,947,890
Supporting Services	3,893,459	0	0	3,893,459
Food Service Activities	0	0	351,128	351,128
Athletic Activities	0	0	325,627	325,627
Community Services	0	0	355,759	355,759
Construction Projects	0	573,559	1,446	575,005
Debt Service				
Principal	0	0	1,287,185	1,287,185
Interest and Fees	0	0	2,035,788	2,035,788
Other Transactions	150,005	0	1,432	151,437
Total Expenditures	10,991,354	573,559	4,358,365	15,923,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	658,993	170,142	(414,340)	414,795
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of School Property	900	0	0	900
Transfers In	0	0	416,968	416,968
Transfers Out	(416,968)	0	0	(416,968)
Total Other Financing Sources (Uses)	(416,068)	0	416,968	900
Net Change in Fund Balance	242,925	170,142	2,628	415,695
<u>FUND BALANCE</u> - Beginning of Year	3,090,942	0	625,671	3,716,613
<u>FUND BALANCE</u> - End of Year	\$ 3,333,867	\$ 170,142	\$ 628,299	\$ 4,132,308

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances Total Governmental Funds	\$ 415,695
--	------------

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation. Additionally, the gain or loss on sale or disposal of capital assets is recorded in the statement of activities.

Depreciation Expense	(1,117,740)
Capital Outlay	747,066

Accrued and accreted interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	381,366
Accrued Interest Payable - End of Year	(339,633)
Accreted Interest Payable on Capital Appreciation Bonds - Beginning of Year	4,048,670
Accreted Interest Payable on Capital Appreciation Bonds - End of Year	(3,690,000)

The issuance of Long-Term Debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayment of Bond Principal	1,287,185
Principal Paid on Long-Term Debt - Contracts Payable	48,600
Amortization of Deferred Charges	(46,587)

Employees Early Retirement and Accumulated Sick Pay are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accumulated Sick Pay - Beginning of Year	308,259
Accumulated Sick Pay - End of Year	(300,427)
Early Retirement Incentive - Beginning of Year	236,800
Early Retirement Incentive - End of Year	(118,400)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,860,854</u>
---	---------------------

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2008

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1	\$ 36,323
Investments	62,149	275,071
TOTAL ASSETS	<u>\$ 62,150</u>	<u>\$ 311,394</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Groups and Organizations	<u>\$ 0</u>	<u>\$ 311,394</u>
<u>NET ASSETS</u>		
Reserved for Trust Activities	60,150	0
Unreserved	2,000	0
Total Net Assets	<u>62,150</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 62,150</u>	<u>\$ 311,394</u>

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2008

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS</u>	
Earnings on Investments and Deposits	\$ 2,553
<u>DEDUCTIONS</u>	
Scholarship Awards	<u>2,200</u>
Change in Net Assets	353
<u>NET ASSETS</u> - Beginning of Year	<u>61,797</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 62,150</u></u>

The notes to the financial statements are an integral part of this statement.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Harbor Springs Public Schools (the “District”) is located in Emmet County with its administrative offices located in Harbor Springs, Michigan. The District is governed by the Harbor Springs Public School Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District’s activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Capital Projects Sinking Fund* records capital project activities funded with Sinking Fund millage.

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, athletic, and community services activities in the special revenue funds.

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *private purpose trust funds* are accounted for using the accrual method of accounting.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

D. Other Accounting Policies

1. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of twelve months or less from the date of acquisition.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1. The District has elected to have 50% of the taxes billed and due July 1st and the remaining 50% billed and due December 1. The summer levy becomes delinquent as of August 14 for City taxpayers and September 14 for Township taxpayers, and the winter levy becomes delinquent as of February 14 for all taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

For the year ended June 30, 2008, the District levied the following amounts per \$1,000 of assessed valuation:

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	13.9911
Capital Projects Sinking Fund - Homestead and non-homestead	0.6600
Debt service funds - Homestead and non-homestead	3.0300

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventory in the General Fund consists of supplies held for consumption. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Land improvements	20 – 40 years
Buildings and additions	10 – 50 years
Furniture and equipment	5 – 15 years
Transportation equipment	8 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay. The amount allowable to be compensated for depends on the position and the longevity of the individual employee.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

The District maintains a formalized encumbrance system. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances lapse at year end and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year, the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 25, 2007, or as amended by the School Board of Education on June 23, 2008.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

General Fund – Central Services expenditures of \$215,802 exceeded appropriations of \$215,042.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments – Credit Risk

The District's deposits and investments are on deposit with First Community Bank, Bank of Northern Michigan, and Michigan School District Liquid Asset Fund Plus.

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2008, \$2,417,500 of the government's bank balance of \$2,739,584 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end, all of the District's investments were uncategorized as to risk.

At year-end, the District had the following investments.

Investments not subject to categorization:

Investment Trust Funds

\$ 2,431,299

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2008, the fair value of the District’s investments is the same as the value of the pool share.

Balance sheet classifications:

	Petty cash	Deposits	Investments	Fiduciary assets	Total
Cash	\$ 443	\$ 3,269,502	\$ 0	\$ 36,324	\$ 3,306,269
Investments	0	0	2,094,079	337,220	2,431,299
	<u>\$ 443</u>	<u>\$ 3,269,502</u>	<u>\$ 2,094,079</u>	<u>\$ 373,544</u>	<u>\$ 5,737,568</u>

B. Receivables

Receivables as of year end for the government’s individual major funds and nonmajor, and fiduciary funds are as follows:

	General	Nonmajor and Other Funds	Total
Receivables			
Taxes	\$ 29,732	\$ 6,524	\$ 36,256
Accounts	34,051	619	34,670
Due from Other Governments	76,514	0	76,514
Accrued Interest	14,045	0	14,045
Total Receivables	<u>\$ 154,342</u>	<u>\$ 7,143</u>	<u>\$ 161,485</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

	Unavailable	Unearned
Delinquent Property Taxes Receivable (General Fund)	\$ 29,732	\$ 0
Delinquent Property Taxes Receivable (Debt Service Funds)	6,524	0
Grant Receipts Received, But Not Yet Utilized	0	131,023
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	\$ 36,256	\$ 131,023
	<hr/> <hr/>	<hr/> <hr/>

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Assets Not Being Depreciated:				
Land	\$ 2,660,623	\$ 0	\$ 0	\$ 2,660,623
	<hr/>			<hr/>
Other Capital Assets				
Land Improvements	2,027,415	19,894	0	2,047,309
Buildings and Additions	42,036,565	108,016	0	42,144,581
Furniture and Equipment	2,145,610	168,260	0	2,313,870
Transportation Equipment	668,506	0	0	668,506
Construction in Progress	0	450,896	0	450,896
	<hr/>			<hr/>
Subtotal	46,878,096	747,066	0	47,625,162
	<hr/>			<hr/>
Accumulated Depreciation				
Land Improvements	458,169	60,053	0	518,222
Buildings and Additions	6,040,902	835,557	0	6,876,459
Furniture and Equipment	1,152,644	186,519	0	1,339,163
Transportation Equipment	522,884	35,611	0	558,495
	<hr/>			<hr/>
Total Accumulated Depreciation	8,174,599	1,117,740	0	9,292,339
	<hr/>			<hr/>
Net Other Capital Assets	38,703,497	(370,674)	0	38,332,823
	<hr/>			<hr/>
Net Capital Assets	\$ 41,364,120	\$ (370,674)	\$ 0	\$ 40,993,446
	<hr/> <hr/>			<hr/> <hr/>

Depreciation for the fiscal year ended June 30, 2008 amounted to \$1,117,740. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Construction Commitments:

The District has the following active construction projects as of June 30, 2008:

A football storage facility is being constructed. As of June 30, 2008, approximately \$3,812 remained on the project.

A project to re-roof Blackbird Elementary School, renovate the high school weight room and renovate the pool was commenced in the 2007-08 school year. Approximately \$364,763 has been completed to date with \$855,830 still to be completed at June 30, 2008.

Bus Purchase Commitment:

The District committed during the year to purchase a new school bus in September 2008 for \$85,373. It is expected that the bus will be delivered and paid for in September 2008.

D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2008:

	Balance July 1, 2007	Increases	(Decreases)	Balance June 30, 2008	Due Within Year
Bonds Payable	\$ 29,643,869	\$ 0	\$ (1,287,185)	\$ 28,356,684	\$ 1,302,465
Contracts Payable	48,600	0	(48,600)	0	0
Early Retirement Incentives	236,800	0	(118,400)	118,400	118,400
Compensated Absences	308,259	0	(7,832)	300,427	0
Other Obligations	4,430,036	0	(400,403)	4,029,633	725,378
Total	<u>\$ 34,667,564</u>	<u>\$ 0</u>	<u>\$ (1,862,420)</u>	<u>\$ 32,805,144</u>	<u>\$ 2,146,243</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Bonds payable at June 30, 2008 is comprised of the following issues:

General Obligation Serial Bonds

2001 School Building and Site Bonds Due in Annual Installments of \$950,000 to \$1,300,000 through May 1, 2015, Interest at 4.00% to 5.875%	\$ 7,275,000
1991 School Building and Site Capital Appreciation Bonds Due in Annual Installments of \$311,157 to \$337,185 through May 1, 2013, Interest at 7.20% to 7.30%	1,598,431
2006 Refunding Bonds Due in Annual Installments of \$20,000 to \$2,145,000 through May 1, 2026, Interest at 4.00%	10,000,000
2007 Refunding Bonds Due in Annual Installments of \$175,000 to \$1,715,000 through May 1, 2022, Interest at 4.00% to 5.00%	9,445,000
<u>Self-Liquidating Bonds</u>	
1998 Series, School Improvement Bond Due in Annual Installments of \$3,497 to \$22,772 through May 15, 2013, Interest at 6.793%	38,253
<u>Other</u>	
Early Retirement Incentives Due in Annual Installments of \$118,400 through 2009.	118,400
Accrued Compensated Absences	300,427
Other Obligations	<u>4,029,633</u>
Total general obligation debt	<u>\$ 32,805,144</u>

The Durant bonds, including interest, was issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

The early retirement incentives and compensated absences are generally liquidated by the General Fund.

Other obligations consist of accrued interest on bonds payable of \$339,633 and accreted interest on the capital appreciation bonds of \$3,690,000 at June 30, 2008.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The annual requirements to service the bonds, early retirement incentives, and contracts payable outstanding (not including accrued compensated absences and other obligations payable) to maturity, including both principal and interest, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts payable</u>
2009	\$ 1,420,865	\$ 2,012,464	\$ 3,433,329
2010	1,278,828	2,024,271	3,303,099
2011	1,271,895	2,050,392	3,322,287
2012	1,268,079	2,078,396	3,346,475
2013	1,265,417	2,133,058	3,398,475
2014-2018	7,050,000	3,967,410	11,017,410
2019-2023	8,725,000	2,315,600	11,040,600
2024-2026	6,195,000	502,000	6,697,000
	<u>\$ 28,475,084</u>	<u>\$ 17,083,591</u>	<u>\$ 45,558,675</u>

E. Short-Term Debt

The district had no short-term debt at any point during the year.

F. Interfund Receivables, Payables, and Transfers

There were no Interfund Receivables and Payables at June 30, 2008.

Interfund transfers are as shown in the individual fund financial statements at June 30, 2008, were:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 0	\$ 416,968
School Service Fund - Athletic Activities	279,616	0
School Service Fund - Community Services	137,352	0
	<u>\$ 416,968</u>	<u>\$ 416,968</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Designated and Reserved Fund Balance/Net Assets

In order to comply with generally accepted accounting principles and meet certain legal requirements, the District has reserved fund balances in various funds. In addition, certain portions of unreserved fund balances have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

FUND BALANCE

Reserved

General Fund

Inventory	\$	35,320
-----------	----	--------

Special Revenue Funds

Food Service Fund

Inventory		3,840
-----------	--	-------

Debt Service Funds

Reserved for Debt Service

1991 Bond Issue Debt Service Fund	\$ 71,735	
2001 Bond Issue Debt Service Fund	148,509	
2006 Refunding Debt Service Fund	67,759	
2007 Refunding Debt Service Fund	<u>83,028</u>	371,031

Capital Project Funds

Reserved for Capital Projects

2001 Construction Capital Project Fund	1,021	
Sinking Fund	<u>170,142</u>	171,163

Fiduciary Funds

Private Purpose Trust Funds

Trust Activities		<u>60,150</u>
------------------	--	---------------

TOTAL FUND BALANCE/NET ASSETS RESERVES	\$	<u><u>641,504</u></u>
--	----	-----------------------

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Unreserved - Designated

General Fund

Early Retirement Incentive	\$	118,400	
School Forest Funds		18,877	
Future Retirement Costs		95,293	
Bus Purchase		<u>85,373</u>	\$ 317,943

Special Revenue Funds

Food Service Fund			
Food Service		42,310	
Athletic Activities Fund			
Athletics		7	
Community Services Fund			
Community Services		<u>210,090</u>	<u>252,407</u>

TOTAL FUND BALANCE DESIGNATIONS			<u><u>\$ 570,350</u></u>
---------------------------------	--	--	--------------------------

NOTE 4 – OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine member board of MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2008, was 17.74% for the first quarter and 16.72% for the remainder of the year. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2008, 2007 and 2006 were approximately \$1,046,045, \$1,048,087, and \$906,000 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits, which is the responsibility of the State of Michigan.

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2008 or any of the prior three years.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

C. Single Audit Report

Current federal guidelines require entities with federal expenditures exceeding \$500,000 to have a "Single Audit" of federally funded programs. At June 30, 2008, the School District's expenditures for federally funded programs were less than \$500,000 and therefore, the District is not required to have a "Single Audit" for the fiscal year ended June 30, 2008.

D. Sinking Fund Tax Levy

In May 2007 the taxpayers approved a sinking fund tax levy. The School is authorized to levy 0.66 mills for five years beginning with the 2007 tax roll. The transactions for the sinking fund are accounted for in a capital projects fund. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

E. 2006 Refunding Bonds

On December 20, 2006, the District issued \$10,000,000 in General Obligation Bonds with interest rates of 4.00% to advance refund \$9,690,000 of outstanding 2001 School Building and Site Bonds with interest rates of 4.75%. As a result \$9,690,000 of the 2001 School Building and Site Bonds are considered to be defeased and the liability for those bonds will be removed from the non current liabilities of the District.

The District advance refunded a portion of the 2001 bond issue to reduce its total future debt service payments by \$648,312 and resulted in an economic gain of \$406,744.

F. 2007 Refunding Bonds

On March 20, 2007, the District issued \$9,445,000 in General Obligation Bonds with interest rates of 4.00% to 5.00% to advance refund \$9,435,000 of outstanding 2001 School Building and Site Bonds with interest rates of 4.50% to 4.75%. As a result \$9,435,000 of the 2001 School Building and Site Bonds are considered to be defeased and the liability for those bonds will be removed from the non current liabilities of the District.

The District advance refunded a portion of the 2001 bond issue to reduce its total future debt service payments by \$404,381 and resulted in an economic gain of \$285,584.

G. Capital Projects Fund

The 2001 Bond Construction Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. The following is a summary of the revenue and

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

expenditures in the 2001 Bond Construction Capital Projects Fund from the inception of the fund through the current fiscal year.

Revenue	<u>\$ 3,975,787</u>
Expenditures	<u>\$36,552,813</u>

For this capital project the school district has complied with the applicable provisions of §1351a of the Revised School Code.

H. Sale of Future Revenues

For several years, the District has sold its rights to delinquent real property tax revenues and related late payment penalties to the Emmet County treasurer. For the 2007 tax roll, the District received a lump sum payment of \$563,181 for general operating tax revenues, \$176,315 for debt service tax revenues and \$38,405 for sinking fund tax revenues. These amounts represent 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the county is allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the county is ultimately unable to collect any of these delinquent taxes, the District will have to repay the county.

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 10,555,452	\$ 10,759,103	\$ 10,725,418
State Sources	188,165	296,313	298,894
Federal Sources	163,287	195,543	196,292
Other Transactions	513,171	427,289	429,743
Total Revenues	11,420,075	11,678,248	11,650,347
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	6,189,460	6,153,632	6,153,150
Added Needs	795,786	794,774	794,740
Supporting Services			
Pupil	354,592	381,405	381,386
Instructional Staff	262,437	309,925	309,902
General Administration	424,311	383,974	382,514
School Administration	655,927	647,155	646,284
Business	207,134	270,311	270,304
Operating and Maintenance	1,337,687	1,371,403	1,370,964
Pupil Transportation	339,563	316,751	316,303
Central Services	207,637	215,042	215,802
Other Transactions	215,544	150,306	150,005
Total Expenditures	10,990,078	10,994,678	10,991,354
Excess (Deficiency) of Revenues Over (Under) Expenditures	429,997	683,570	658,993
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of School Property	0	0	900
Transfers Out	(587,712)	(419,882)	(416,968)
Total Other Financing Sources (Uses)	(587,712)	(419,882)	(416,068)
Net Change in Fund Balance	(157,715)	263,688	242,925
<u>FUND BALANCE</u> - Beginning of Year	3,002,803	3,090,942	3,090,942
<u>FUND BALANCE</u> - End of Year	\$ 2,845,088	\$ 3,354,630	\$ 3,333,867

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

		SPECIAL REVENUE FUNDS		
		FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	COMMUNITY SERVICES FUND
<u>ASSETS</u>				
Cash		\$ 30,772	\$ 2,155	\$ 184,762
Investments		22,847	0	29,068
Taxes Receivable		0	0	0
Accounts Receivable		0	359	260
Inventories		3,840	0	0
TOTAL ASSETS		<u>\$ 57,459</u>	<u>\$ 2,514</u>	<u>\$ 214,090</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable		\$ 11,113	\$ 1,629	\$ 0
Accrued Expenses		196	878	0
Deferred Revenue		0	0	4,000
Total Liabilities		<u>11,309</u>	<u>2,507</u>	<u>4,000</u>
<u>FUND BALANCE</u>				
Reserved for:				
Inventory		3,840	0	0
Debt Service		0	0	0
Capital Projects		0	0	0
Unreserved				
Designated for:				
Food Service		42,310	0	0
Athletics		0	7	0
Community Services		0	0	210,090
Total Fund Balance		<u>46,150</u>	<u>7</u>	<u>210,090</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 57,459</u>	<u>\$ 2,514</u>	<u>\$ 214,090</u>

DEBT SERVICE FUNDS				CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
1991 BOND ISSUE	2001 BOND ISSUE	2006 REFUNDING	2007 REFUNDING	2001 BOND CONSTRUCTION	
\$ 55	\$ 0	\$ 25	\$ 29	\$ 464	\$ 218,262
71,680	148,509	67,734	82,999	28,909	451,746
2,061	4,123	340	0	0	6,524
0	0	0	0	0	619
0	0	0	0	0	3,840
\$ 73,796	\$ 152,632	\$ 68,099	\$ 83,028	\$ 29,373	\$ 680,991
\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,352	\$ 41,094
0	0	0	0	0	1,074
2,061	4,123	340	0	0	10,524
2,061	4,123	340	0	28,352	52,692
0	0	0	0	0	3,840
71,735	148,509	67,759	83,028	0	371,031
0	0			1,021	1,021
0	0	0	0	0	42,310
0	0	0	0	0	7
0	0	0	0	0	210,090
71,735	148,509	67,759	83,028	1,021	628,299
\$ 73,796	\$ 152,632	\$ 68,099	\$ 83,028	\$ 29,373	\$ 680,991

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE FUNDS		
	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	COMMUNITY SERVICES FUND
<u>REVENUES</u>			
Local Sources	\$ 212,351	\$ 46,896	\$ 227,137
State Sources	17,226	0	0
Federal Sources	121,467	0	0
Total Revenues	351,044	46,896	227,137
<u>EXPENDITURES</u>			
Food Service Activities	351,128	0	0
Athletic Activities	0	325,627	0
Community Activities	0	0	355,759
Construction Projects	0	0	0
Debt Service			
Principal	0	0	0
Interest and Fees	0	0	0
Other Transactions	0	0	0
Total Expenditures	351,128	325,627	355,759
Excess of Revenues Over (Under) Expenditures	(84)	(278,731)	(128,622)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	0	279,616	137,352
Net Change in Fund Balance	(84)	885	8,730
<u>FUND BALANCE</u> - Beginning of Year - (Deficit)	46,234	(878)	201,360
<u>FUND BALANCE</u> - End of Year	\$ 46,150	\$ 7	\$ 210,090

DEBT SERVICE FUNDS				CAPITAL PROJECT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
1991 BOND ISSUE	2001 BOND ISSUE	2006 REFUNDING	2007 REFUNDING	2001 BOND CONSTRUCTION	
\$ 1,012,750	\$ 1,327,120	\$ 445,516	\$ 531,428	\$ 2,134	\$ 3,805,332
0	0	0	0	0	17,226
0	0	0	0	0	121,467
1,012,750	1,327,120	445,516	531,428	2,134	3,944,025
0	0	0	0	0	351,128
0	0	0	0	0	325,627
0	0	0	0	0	355,759
0	0	0	0	1,446	1,446
337,185	950,000	0	0	0	1,287,185
773,780	409,375	400,270	452,363	0	2,035,788
0	1,432	0	0	0	1,432
1,110,965	1,360,807	400,270	452,363	1,446	4,358,365
(98,215)	(33,687)	45,246	79,065	688	(414,340)
0	0	0	0	0	416,968
(98,215)	(33,687)	45,246	79,065	688	2,628
169,950	182,196	22,513	3,963	333	625,671
\$ 71,735	\$ 148,509	\$ 67,759	\$ 83,028	\$ 1,021	\$ 628,299

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

GENERAL FUND

BALANCE SHEET
JUNE 30, 2008

ASSETS

Cash and Cash Equivalents	\$ 2,630,649
Taxes Receivable	29,732
Accounts Receivable	34,051
Due from Other Governmental Units	76,514
Accrued Interest Receivable	14,045
Inventory	35,320
Investments	<u>1,584,489</u>
 TOTAL ASSETS	 <u><u>\$ 4,404,800</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 118,712
Payroll Deductions and Withholdings	19,028
Accrued Expenses	243,776
Salaries Payable	532,662
Deferred Revenue	<u>156,755</u>
 Total Liabilities	 <u><u>1,070,933</u></u>

FUND BALANCE

Reserved for Inventory	35,320
Unreserved	
Designated for	
Early Retirement Incentive	118,400
Future Retirement Costs	95,293
School Forest Funds	18,877
Bus Purchase	85,373
Undesignated	<u>2,980,604</u>
 Total Fund Balance	 <u><u>3,333,867</u></u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 4,404,800</u></u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

REVENUES

Local Sources	\$ 10,725,418
State Sources	298,894
Federal Sources	196,292
Other Transactions	<u>429,743</u>
 Total Revenues	 <u>11,650,347</u>

EXPENDITURES

Instruction	
Basic Programs	
Elementary	2,746,426
Middle School	1,415,691
High School	1,906,193
Pre-School	73,579
Summer School	11,261
Added Needs	
Special Education	588,857
Compensatory Education	95,045
Career and Technical Education	110,838
Supporting Services	
Pupil	
Guidance Services	328,768
Other Pupil Services	52,618
Instructional Staff	
Improvement of Instruction	49,479
Educational Media Services	193,181
Supervision and Direction of Instructional Staff	67,242
General Administration	
Board of Education	81,767
Executive Administration	300,747

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

School Administration	
Office of the Principal	646,284
Business	
Fiscal Services	139,635
Other Business Services	130,669
Operations and Maintenance	1,370,964
Pupil Transportation Services	316,303
Support Services Central	
Staff/Personnel Services	135
Support Services Technology	215,667
Other Transactions	150,005
	<hr/>
Total Expenditures	10,991,354
	<hr/>
Excess of Revenues Over (Under) Expenditures	658,993
	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>	
Sale of School Property	900
Transfers Out	(416,968)
	<hr/>
Total Other Financing Sources (Uses)	(416,068)
	<hr/>
Net Change in Fund Balance	242,925
<u>FUND BALANCE</u> - Beginning of Year	3,090,942
	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 3,333,867
	<hr/>

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS , MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED JUNE 30, 2008

LOCAL SOURCES

Property Taxes	\$ 10,336,201
Tuition	38,813
Earnings on Investments and Deposits	206,380
Other Local Revenue	
Rentals	40,604
USF Revenue	21,970
Donations	40,228
Wage Reimbursement	10,443
Crossing Guards	8,601
Miscellaneous	22,178
	<hr/>
Total Local Sources	10,725,418

STATE SOURCES

Grants-In-Aid Unrestricted	
Discretionary Payment	72,247
Grants-In-Aid Restricted	
Special Education	180,133
Preschool	14,300
Added Costs	11,389
Middle School Math	13,349
Bus Driver Training	998
Durant Payment	6,478
	<hr/>
Total State Sources	298,894

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS , MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES

YEAR ENDED JUNE 30, 2008

FEDERAL SOURCES

Grants-In-Aid Restricted	
Title IX Grant Indian Education	20,263
Title I	125,328
Title II - Part A	45,238
Title II - Part D	1,428
Title V - Part A	227
Drug Free Schools	1,853
Transition Grant	144
Grants-In-Aid Unrestricted	
Medicaid Outreach	1,811
	<hr/>
Total Federal Sources	196,292
	<hr/>

OTHER TRANSACTIONS

Vocational Education	242,223
Special Education	174,304
Other Distributions Received from Other School Districts	
Alanson/Littlefield Public School	13,210
Prior Year Adjustments	6
	<hr/>
Total Other Transactions	429,743
	<hr/>
Total Revenues	11,650,347

OTHER FINANCING SOURCES

Sale of School Property	900
	<hr/>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 11,651,247</u>

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30, 2008

INSTRUCTION

Basic Programs

Elementary

Salaries	\$ 1,693,655
Employee Benefits	940,180
Purchased Services	41,128
Supplies and Materials	38,829
Capital Outlay	30,685
Other Expenditures	1,949
Total Elementary	<u>2,746,426</u>

Middle School

Salaries	885,223
Employee Benefits	445,786
Purchased Services	45,808
Supplies and Materials	29,079
Capital Outlay	7,897
Other Expenditures	1,898
Total Middle School	<u>1,415,691</u>

High School

Salaries	1,169,028
Employee Benefits	636,564
Purchased Services	30,937
Supplies and Materials	54,503
Capital Outlay	12,416
Other Expenditures	2,745
Total High School	<u>1,906,193</u>

Pre-School

Salaries	38,653
Employee Benefits	24,297
Supplies and Materials	1,455
Capital Outlay	9,165
Other Expenditures	9
Total Pre-School	<u>73,579</u>

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30, 2008

Summer School

Salaries	9,200
Employee Benefits	2,061
Total Summer School	<u>11,261</u>

Added Needs

Special Education

Salaries	361,121
Employee Benefits	188,950
Purchased Services	37,233
Supplies and Materials	1,553
Total Special Education	<u>588,857</u>

Compensatory Education

Salaries	76,182
Employee Benefits	17,033
Purchased Services	78
Supplies and Materials	1,752
Total Compensatory Education	<u>95,045</u>

Career and Technical Education

Purchased Services	8,449
Supplies and Materials	49,841
Capital Outlay	52,548
Total Career and Technical Education	<u>110,838</u>

SUPPORTING SERVICES

Pupil

Guidance Services

Salaries	187,296
Employee Benefits	93,457
Purchased Services	34,599
Supplies and Materials	13,416
Total Guidance Services	<u>328,768</u>

Other Pupil Services

Salaries	41,102
Employee Benefits	11,516
Total Other Pupil Services	<u>52,618</u>

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30, 2008

Instructional Staff

Improvement of Instruction

Salaries	18,396
Employee Benefits	4,280
Purchased Services	18,785
Supplies and Materials	1,340
Other Expenditures	6,678
Total Improvement of Instruction	<u>49,479</u>

Educational Media Services

Salaries	100,906
Employee Benefits	68,049
Purchased Services	392
Supplies and Materials	20,645
Other Expenditures	3,189
Total Educational Media Services	<u>193,181</u>

Supervision and Direction of Instructional Staff

Salaries	24,849
Employee Benefits	9,825
Purchased Services	3,909
Supplies and Materials	3,171
Capital Outlay	25,488
Total Supervision and Direction of Instructional Staff	<u>67,242</u>

General Administration

Board of Education

Employee Benefits	6
Purchased Services	70,850
Supplies and Materials	6,666
Other Expenditures	4,245
Total Board of Education	<u>81,767</u>

Executive Administration

Salaries	173,173
Employee Benefits	68,943
Purchased Services	52,583

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30, 2008

Supplies and Materials	5,488
Other Expenditures	560
Total Executive Administration	<u>300,747</u>
<u>School Administration</u>	
Office of the Principal	
Salaries	405,391
Employee Benefits	222,723
Purchased Services	7,871
Supplies and Materials	5,970
Capital Outlay	2,389
Other Expenditures	1,940
Total Office of the Principal	<u>646,284</u>
<u>Business</u>	
Fiscal Services	
Salaries	68,992
Employee Benefits	33,590
Purchased Services	35,845
Supplies and Materials	869
Other Expenditures	339
Total Fiscal Services	<u>139,635</u>
<u>Other Business Services</u>	
Purchased Services	59,799
Other Expenditures	70,870
Total Other Business Services	<u>130,669</u>
<u>Operations and Maintenance</u>	
Salaries	391,958
Employee Benefits	241,264
Purchased Services	279,448
Supplies and Materials	429,217
Capital Outlay	28,808
Other Expenditures	269
Total Operations and Maintenance	<u>1,370,964</u>

HARBOR SPRINGS PUBLIC SCHOOLS

HARBOR SPRINGS, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES AND OTHER FINANCING USES

YEAR ENDED JUNE 30, 2008

Pupil Transportation Services

Salaries	151,374
Employee Benefits	75,879
Purchased Services	15,918
Supplies and Materials	65,160
Capital Outlay	7,026
Other Expenditures	946
Total Pupil Transportation Services	<u>316,303</u>

Support Services-Central

Staff/Personnel Services

Purchased Services	<u>135</u>
--------------------	------------

Support Services Technology

Salaries	76,505
Employee Benefits	36,653
Purchased Services	8,474
Supplies and Materials	12,084
Capital Outlay	81,951
Total Support Services Technology	<u>215,667</u>

OTHER TRANSACTIONS

Transfers to Other School Districts	101,405
Payments on Loan Principal	<u>48,600</u>
Total Other Transactions	<u>150,005</u>
Total Expenditures	<u>10,991,354</u>

OTHER FINANCING USES

Operating Transfers Out

Athletic Activities	279,616
Community Services	<u>137,352</u>
Total Other Financing Uses	<u>416,968</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 11,408,322</u></u>
---	-----------------------------

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

FIDUCIARY FUND TYPES
COMBINING BALANCE SHEET

JUNE 30, 2008

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1	\$ 36,323	\$ 36,324
Investments	62,149	275,071	337,220
TOTAL ASSETS	<u>\$ 62,150</u>	<u>\$ 311,394</u>	<u>\$ 373,544</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Due to Groups and Organizations	<u>\$ 0</u>	<u>\$ 311,394</u>	<u>\$ 311,394</u>
<u>FUND BALANCE</u>			
Reserved for:			
Scholarships and Memorials	56,666	0	56,666
Endowments	3,484	0	3,484
Unrestricted	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Fund Balance	<u>62,150</u>	<u>0</u>	<u>62,150</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 62,150</u>	<u>\$ 311,394</u>	<u>\$ 373,544</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

	SHAY SCHOLARSHIP FUND	MIDSHIPMEN DRUM AND BUGLE FUND	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1	\$ 0	\$ 1
Investments	56,153	5,996	62,149
Due from Other Funds	0	0	0
	<hr/>		
TOTAL ASSETS	\$ 56,154	\$ 5,996	\$ 62,150
<hr/>			
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0
<hr/>			
<u>FUND BALANCE</u>			
Reserved for:			
Scholarships and Memorials	53,229	3,437	56,666
Endowments	925	2,559	3,484
Unrestricted	2,000	0	2,000
	<hr/>		
Total Fund Balance	56,154	5,996	62,150
<hr/>			
TOTAL LIABILITIES AND FUND BALANCE	\$ 56,154	\$ 5,996	\$ 62,150

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

	SHAY SCHOLARSHIP FUND	MIDSHIPMEN DRUM AND BUGLE FUND	TOTAL
<u>REVENUES</u>			
Donations	\$ 0	\$ 0	\$ 0
Investment Income:			
Interest and Dividends	2,315	238	2,553
Total Revenues	2,315	238	2,553
<u>EXPENDITURES</u>			
Scholarship Awards	2,200	0	2,200
Excess of Revenues Over (Under) Expenditures	115	238	353
<u>FUND BALANCE</u> - Beginning of Year	56,039	5,758	61,797
<u>FUND BALANCE</u> - End of Year	\$ 56,154	\$ 5,996	\$ 62,150

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2008

	<u>BALANCE</u> 7/01/07	<u>RECEIPTS</u> (Including Transfers)	<u>DISBURSEMENTS</u>	<u>BALANCE</u> 6/30/08
Alumni	\$ 1,438	\$ 60	\$ 0	\$ 1,498
Athletic Boosters	18,998	29,700	26,646	22,052
Athletic Boosters Scholarship Acct	8,739	2,319	5,000	6,058
Band Activities	933	30,743	29,577	2,099
Benny Davis - NCF - Clothing	322	242	100	464
Benny Davis - NCF- Books	511	250	99	662
Benny Davis - Undesignated	13,000	0	0	13,000
Elementary Library	1,139	1,572	1,466	1,245
Blackbird Pop Fund	1,565	11,191	9,692	3,064
BB/Shay Visual Arts	773	3,423	3,529	667
Blackbird Fundraiser	2,682	13,352	7,294	8,740
Birthday Book Club	0	1,893	1,766	127
Preschool Fundraiser	1,192	75	0	1,267
Blackbird Music Program	468	1,690	1,425	733
Choir	5	0	0	5
Class of 1989	1,106	47	0	1,153
Class of 1992	471	20	0	491
Class of 1994	189	8	0	197
Class of 1998	1,957	82	0	2,039
Class of 1999	786	33	0	819
HS Textbooks - Fees and Fines	1,141	495	0	1,636
Class of 2000	437	18	0	455
Class of 2001	93	0	0	93
Class of 2002	1,785	75	0	1,860
Class of 2003	987	42	0	1,029
Class of 2004	1,235	52	0	1,287
Class of 2005	1,173	49	0	1,222
Class of 2006	2,356	99	0	2,455
Class Of 2008	1,553	1,600	2,373	780
Class Of 2009	425	8,852	6,000	3,277
Class Of 2010	424	2,878	1,500	1,802
Class Of 2011	0	472	0	472
Book Deposits Class of 2006	25	0	0	25
Book Deposits Class of 2007	966	41	0	1,007
Book Deposits Class of 2008	2,351	38	1,455	934

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2008

	<u>BALANCE</u> 7/01/07	<u>RECEIPTS</u> (Including Transfers)	<u>DISBURSEMENTS</u>	<u>BALANCE</u> 6/30/08
Book Deposits Class of 2009	2,267	93	50	2,310
Book Deposits Class of 2010	211	34	0	245
Community Tennis - Hsps	225	9	0	234
Drama Club	8,258	20,332	22,280	6,310
Echoes	(698)	1,800	1,324	(222)
FFA	589	25	0	614
HS - CASA	39,496	53,214	54,779	37,931
HS - Baseball	115	2,670	3,157	(372)
HS - Basketball Program	813	3,116	4,198	(269)
HS - Cheerleading	(474)	476	0	2
HS - Golf	2,988	3,911	1,550	5,349
HS - Girls Golf	0	5,510	455	5,055
HS - Community Adult Band	10,492	1,106	2,542	9,056
HS - Boys Tennis	1,693	1,592	2,270	1,015
HS - Girls Tennis	505	4,480	4,448	537
HS - Track	1,851	19,060	19,880	1,031
HS - Football	1,826	23,574	20,013	5,387
HS - Varsity Girls Soccer	827	230	0	1,057
HS - Varsity Boys Soccer	2,761	2,034	168	4,627
HS - Snowboard Club	273	1,145	0	1,418
HS - Student and Staff Support	(292)	8,407	7,233	882
National Honor Society	211	2,543	2,177	577
Fine Arts Trips HS	1,505	13,830	12,100	3,235
Schiller / Art	219	2,433	2,195	457
HS - Womens Basketball	7,558	2,776	3,578	6,756
HS - Volleyball	2,153	5,083	2,894	4,342
HS - Wrestling Club	911	15	544	382
HS - Rec Soccer	418	2,346	1,865	899
HS - Dance Club	117	5	0	122
Interest	1,496	14,256	13,670	2,082
Key Club	2,033	85	0	2,118
MI Youth In Government	2,469	11,147	11,461	2,155
MS - Boosters	4,504	2,117	2,792	3,829
MS - Job Skills	404	17	0	421
MS - Bill Miilu Memorial	0	1,833	1,500	333

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2008

	<u>BALANCE</u> 7/01/07	<u>RECEIPTS</u> (Including Transfers)	<u>DISBURSEMENTS</u>	<u>BALANCE</u> 6/30/08
MS - Book Deposits	9,410	1,698	0	11,108
MS - Activities	2,830	8,024	9,055	1,799
MS - Drama	425	4,452	4,097	780
MS - Magazine	18,814	66,319	69,181	15,952
MS - 7th Grade Team	1,974	83	0	2,057
MS - 7th Grade Integrated Studies	683	411	393	701
MS - 6th Grade Team	571	2,259	763	2,067
MS - Science Olympiad	0	1,108	921	187
MS - Tackle Football	3,015	2,709	1,297	4,427
MS - Volleyball	214	2,933	2,346	801
Parents Advisory-Pac/Cac	4,343	5,108	6,660	2,791
Rampage (yearbook)	5,139	9,265	14,307	97
Reading Is Fund, (RIF)	215	1,255	1,470	0
Shay - Multi-Age	21	0	0	21
Shay - Carnival	17,461	9,072	5,740	20,793
Shay - Fundraiser Acct.	6,054	34,909	30,587	10,376
Shay - Student Council	915	38	0	953
Shay - Pop Machine	10,875	4,199	6,481	8,593
Shay - Enrichment	7,853	3,358	4,460	6,751
Mary Kay Farley Scholarship	1,492	7,563	7,500	1,555
Adam Lee Shepherd Scholarship	0	1,000	1,000	0
Ski Team Boosters	19,252	51,547	52,672	18,127
Spanish Club	349	15	0	364
HS - Special Education	70	0	0	70
Special Art Fund	1,072	36	226	882
Strive	4,827	159	1,052	3,934
HS - Student Council	776	1,507	3,489	(1,206)
MS - Student Council	3,120	513	838	2,795
	<u>\$ 290,719</u>	<u>\$ 542,255</u>	<u>\$ 521,580</u>	<u>\$ 311,394</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2008

	<u>BALANCE</u> 7/01/07	<u>RECEIPTS</u> (Including Transfers)	<u>DISBURSEMENTS</u>	<u>BALANCE</u> 6/30/08
Represented by				
Assets				
Cash and Cash Equivalents	\$ 30,867			\$ 36,323
Investments	<u>260,066</u>			<u>275,071</u>
Total Assets	<u>\$ 290,933</u>			<u>\$ 311,394</u>
Liabilities				
Due to Groups and Organizations	\$ 290,719			\$ 311,394
Due to Other Funds	<u>214</u>			<u>0</u>
Total Liabilities	<u>\$ 290,933</u>			<u>\$ 311,394</u>

HARBOR SPRINGS PUBLIC SCHOOLSHARBOR SPRINGS, MICHIGANSELECTED STATISTICAL DATAYEARS 1999 TO 2008SOURCE: ANNUAL AUDITED STATEMENTS

YEAR ENDED JUNE 30,	2008	2007	2006	2005
Total Taxable Value	\$ 1,073,676,024	\$ 1,011,555,049	\$ 949,259,789	\$ 890,397,191
Non-Homestead Taxable Value	\$ 733,142,721	\$ 687,191,501	\$ 640,475,460	\$ 599,531,913
Blended Student Count	\$ 1,114	1,112	1,127	1,149
Taxable Value Per Student	\$ 963,803	\$ 909,672	\$ 842,289	\$ 774,932
Per Pupil Foundation Allowance	\$ 8,433	\$ 8,385	\$ 8,175	\$ 8,000
Mills Levied				
Operations - Non-Homestead	13.9911	13.9911	13.9911	13.9911
Debt	3.0300	3.0700	3.2800	3.7400
Sinking Fund	0.6600	0.0000	0.0000	0.0000
Property Tax Revenues				
Operations	\$ 10,257,405	\$ 9,631,951	\$ 9,029,367	\$ 8,296,443
Debt	\$ 3,253,059	\$ 3,110,504	\$ 3,138,676	\$ 3,336,437
Sinking Fund	\$ 708,587	\$ 0	\$ 0	\$ 0
State Aid - Foundation Grant (Excluding Categoricals)	\$ 250,799	\$ 229,978	\$ 415,045	\$ 708,952
Other General Fund Data				
Total Fund Balance	\$ 3,333,867	\$ 3,090,942	\$ 2,809,663	\$ 2,888,961
Total Local Revenues	\$ 10,725,418	\$ 10,117,918	\$ 9,364,725	\$ 8,559,035
Total State Revenues	\$ 298,894	\$ 396,494	\$ 510,462	\$ 828,156
Total Expenditures	\$ 10,991,354	\$ 10,451,898	\$ 10,106,063	\$ 9,340,597
Long Term Debt Data				
Bonds Payable	\$ 28,356,684	\$ 29,643,869	\$ 30,778,172	\$ 32,275,729
Contracts Payable and Retirement Incentives	\$ 118,400	\$ 285,400	\$ 452,400	\$ 619,400
Compensated Absences	\$ 300,427	\$ 308,259	\$ 314,684	\$ 308,538
Special Millage - Enhancement Balance Unspent at Year End				
Expenditure Category				
General Operations	\$ 0	\$ 0	\$ 0	\$ 0
Building Maintenance	\$ 0	\$ 0	\$ 0	\$ 0
Transportation	\$ 0	\$ 0	\$ 0	\$ 0
District Technology	\$ 0	\$ 0	\$ 0	\$ 0

2004	2003	2002	2001	2000	1999
\$ 826,235,488	\$ 779,792,946	\$ 719,662,746	\$ 658,079,880	\$ 617,141,351	\$ 584,994,663
\$ 554,324,752	\$ 524,006,930	\$ 490,157,226	\$ 451,272,011	\$ 414,714,033	\$ 397,952,497
1,149	1,119	1,075	1,051	1,043	1,030
\$ 718,784	\$ 693,405	\$ 669,454	\$ 626,146	\$ 591,698	\$ 567,955
\$ 8,000	\$ 8,000	\$ 7,511	\$ 7,248	\$ 7,081	\$ 6,962
13.9911	13.9911	13.9911	13.9911	13.9911	13.8963
3.7400	3.7400	2.7000	1.1300	1.1700	1.1800
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
\$ 7,761,970	\$ 7,331,433	\$ 6,857,839	\$ 6,313,792	\$ 5,802,711	\$ 5,530,068
\$ 3,119,046	\$ 2,908,379	\$ 1,938,234	\$ 741,542	\$ 719,625	\$ 689,858
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 1,196,638	\$ 1,431,180	\$ 1,543,364	\$ 1,565,336	\$ 1,529,483	\$ 1,549,846
\$ 2,827,035	\$ 2,812,224	\$ 3,203,718	\$ 2,876,636	\$ 2,790,351	\$ 3,175,994
\$ 8,031,091	\$ 7,500,837	\$ 7,020,175	\$ 6,612,566	\$ 6,038,707	\$ 5,842,035
\$ 1,419,313	\$ 1,690,099	\$ 1,735,587	\$ 1,897,700	\$ 1,941,787	\$ 1,810,052
\$ 9,795,947	\$ 9,461,229	\$ 8,721,337	\$ 8,512,000	\$ 8,603,364	\$ 8,485,222
\$ 33,626,122	\$ 35,101,122	\$ 36,306,122	\$ 5,661,966	\$ 6,187,547	\$ 6,642,877
\$ 786,400	\$ 271,624	\$ 393,522	\$ 503,324	\$ 603,590	\$ 579,800
\$ 264,834	\$ 411,254	\$ 251,300	\$ 237,056	\$ 205,191	\$ 232,239
\$ 0	\$ 0	\$ 223,366	\$ 263,242	\$ 299,734	\$ 589,787
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 220,944
\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,623	\$ 76,726
\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,099	\$ 107,068

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	1991 School Building and Site Bonds		
<u>PURPOSE</u>	Erecting, furnishing and equipping a playground and acquiring, developing, and improving a site therefore; and partially remodeling the existing elementary school and the middle-high school facility.		
<u>DATE OF ISSUE</u>	June 1, 1991		
<u>INTEREST PAYABLE</u>	May 1 of each year		
<u>AMOUNT OF ISSUE</u>	\$ 4,449,733		
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$ 2,514,117		
Redeemed During Current Year	<u>337,185</u>	<u>2,851,302</u>	
<u>BALANCE OUTSTANDING - June 30, 2008</u>		<u>\$ 1,598,431</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2009	7.25%	\$ 1,175,000	\$ 845,307	\$ 329,693
May 1, 2010	7.25%	1,245,000	919,669	325,331
May 1, 2011	7.30%	1,320,000	1,001,840	318,160
May 1, 2012	7.30%	1,400,000	1,085,910	314,090
May 1, 2013	7.30%	<u>1,490,000</u>	<u>1,178,843</u>	<u>311,157</u>
		<u>\$ 6,630,000</u>	<u>\$ 5,031,569</u>	<u>\$ 1,598,431</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	1998 School Improvement Bond (Durant Settlement)		
<u>PURPOSE</u>	Improvements to site, school buses, equipment, building improvement, remodeling of existing facilities and other section 1351a of Act 451 purposes. The District used the proceeds for building improvements, which met the prescribed uses.		
<u>DATE OF ISSUE</u>	November 15, 1998		
<u>INTEREST PAYABLE</u>	May 15 of each year		
<u>AVERAGE INTEREST RATE</u>	6.793%		
<u>AMOUNT OF ISSUE</u>		\$	64,785
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	26,532	
Redeemed During Current Year		<u>0</u>	<u>26,532</u>
<u>BALANCE OUTSTANDING - June 30, 2008</u>		\$	<u><u>38,253</u></u>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 15, 2009	\$ 30,567	\$ 7,795	\$ 22,772
May 15, 2010	4,549	1,052	3,497
May 15, 2011	4,549	814	3,735
May 15, 2012	4,549	560	3,989
May 15, 2013	4,549	289	4,260
	<u>\$ 48,763</u>	<u>\$ 10,510</u>	<u>\$ 38,253</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	2001 School Building and Site Bond
<u>PURPOSE</u>	Erecting and equipping a new middle school connected to Shay Elementary School; additions to the high school including a new auditorium. Constructing a new track and public restrooms. Purchasing property for new middle school and for additional parking. Acquiring and installing instructional technology in school facilities. Developing and improving sites, playgrounds, and athletic facilities.
<u>DATE OF ISSUE</u>	October 8, 2001
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 31,500,000
<u>AMOUNT REDEEMED</u>	
Redeemed Prior to Current Year	\$ 4,150,000
Redeemed During Current Year	950,000
Bonds Defeased	<div style="display: flex; justify-content: space-between;"> 19,125,000 24,225,000 </div>
<u>BALANCE OUTSTANDING - June 30, 2008</u>	<u><u>\$ 7,275,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2008		\$ 176,781	\$ 176,781	
May 1, 2009	5.875%	1,126,781	176,781	\$ 950,000
November 1, 2009		148,875	148,875	
May 1, 2010	5.875%	1,098,875	148,875	950,000
November 1, 2010		120,969	120,969	
May 1, 2011	5.875%	1,070,969	120,969	950,000
November 1, 2011		93,063	93,063	
May 1, 2012	4.000%	1,043,063	93,063	950,000
November 1, 2012		74,063	74,063	

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2013	4.130%	1,024,063	74,063	950,000
November 1, 2013		54,468	54,468	
May 1, 2014	4.250%	1,279,468	54,468	1,225,000
November 1, 2014		28,437	28,437	
May 1, 2015	4.380%	1,328,437	28,437	1,300,000
		<u>\$ 8,668,312</u>	<u>\$ 1,393,312</u>	<u>\$ 7,275,000</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	2006 Refunding Bonds
<u>PURPOSE</u>	To refund a portion of the 2001 bonds to take advantage of lower interest rates.
<u>DATE OF ISSUE</u>	December 20, 2006
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 10,000,000
<u>AMOUNT REDEEMED</u>	
Redeemed Prior to Current Year	\$ 0
Redeemed During Current Year	0
<u>BALANCE OUTSTANDING - June 30, 2008</u>	<u><u>\$ 10,000,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2008		\$ 200,000	\$ 200,000	
May 1, 2009		200,000	200,000	
November 1, 2009		200,000	200,000	
May 1, 2010		200,000	200,000	
November 1, 2010		200,000	200,000	
May 1, 2011		200,000	200,000	
November 1, 2011		200,000	200,000	
May 1, 2012		200,000	200,000	
November 1, 2012		200,000	200,000	
May 1, 2013		200,000	200,000	
November 1, 2013		200,000	200,000	
May 1, 2014	4.000%	260,000	200,000	\$ 60,000
November 1, 2014		198,800	198,800	
May 1, 2015	4.000%	238,800	198,800	40,000

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2015		198,000	198,000	
May 1, 2016	4.000%	243,000	198,000	45,000
November 1, 2016		197,100	197,100	
May 1, 2017	4.000%	232,100	197,100	35,000
November 1, 2017		196,400	196,400	
May 1, 2018	4.000%	221,400	196,400	25,000
November 1, 2018		195,900	195,900	
May 1, 2019	4.000%	215,900	195,900	20,000
November 1, 2019		195,500	195,500	
May 1, 2020	4.000%	215,500	195,500	20,000
November 1, 2020		195,100	195,100	
May 1, 2021	4.000%	220,100	195,100	25,000
November 1, 2021		194,600	194,600	
May 1, 2022	4.000%	1,819,600	194,600	1,625,000
November 1, 2022		162,100	162,100	
May 1, 2023	4.000%	2,072,100	162,100	1,910,000
November 1, 2023		123,900	123,900	
May 1, 2024	4.000%	2,108,900	123,900	1,985,000
November 1, 2024		84,200	84,200	
May 1, 2025	4.000%	2,149,200	84,200	2,065,000
November 1, 2025		42,900	42,900	
May 1, 2026	4.000%	2,187,900	42,900	2,145,000
		<u>\$ 16,369,000</u>	<u>\$ 6,369,000</u>	<u>\$ 10,000,000</u>

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	2007 Refunding Bonds		
<u>PURPOSE</u>	To refund a portion of the 2001 bonds to take advantage of advantage of lower interest rates.		
<u>DATE OF ISSUE</u>	March 20, 2007		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>		\$	9,445,000
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$	0	
Redeemed During Current Year		<u>0</u>	<u>0</u>
<u>BALANCE OUTSTANDING</u> - June 30, 2008		\$	<u>9,445,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2008		\$ 202,900	\$ 202,900	
May 1, 2009		202,900	202,900	
November 1, 2009		202,900	202,900	
May 1, 2010		202,900	202,900	
November 1, 2010		202,900	202,900	
May 1, 2011		202,900	202,900	
November 1, 2011		202,900	202,900	
May 1, 2012		202,900	202,900	
November 1, 2012		202,900	202,900	
May 1, 2013		202,900	202,900	
November 1, 2013		202,900	202,900	
May 1, 2014		202,900	202,900	
November 1, 2014		202,900	202,900	
May 1, 2015		202,900	202,900	
November 1, 2015		202,900	202,900	

HARBOR SPRINGS PUBLIC SCHOOLS
HARBOR SPRINGS, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2008

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2016	5.00%	1,562,900	202,900	\$ 1,360,000
November 1, 2016		168,900	168,900	
May 1, 2017	5.00%	1,608,900	168,900	1,440,000
November 1, 2017		132,900	132,900	
May 1, 2018	4.00%	1,652,900	132,900	1,520,000
November 1, 2018		102,500	102,500	
May 1, 2019	4.00%	1,687,500	102,500	1,585,000
November 1, 2019		70,800	70,800	
May 1, 2020	4.00%	1,720,800	70,800	1,650,000
November 1, 2020		37,800	37,800	
May 1, 2021	4.00%	1,752,800	37,800	1,715,000
November 1, 2021		3,500	3,500	
May 1, 2022	4.00%	178,500	3,500	175,000
		<u>\$ 13,724,200</u>	<u>\$ 4,279,200</u>	<u>\$ 9,445,000</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
www.bcbcpa.com

July 16, 2008

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Harbor Springs Public Schools
Harbor Springs, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Harbor Springs Public Schools, Harbor Springs, Michigan, as of and for the year ended June 30, 2008, and have issued our report thereon dated July 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Harbor Springs Public Schools, Harbor Springs, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harbor Springs Public Schools, Harbor Springs, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Harbor Springs Public Schools, Harbor Springs, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harbor Springs Public Schools, Harbor Springs, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

PHONE: 231-775-9789 FAX: 231-775-9749

www.bcbcpa.com

July 16, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Education
Harbor Springs Public Schools
Harbor Springs, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harbor Springs Public Schools for the year ended June 30, 2008, and has issued our report thereon dated July 16, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated June 24, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Harbor Springs Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Harbor Springs Public School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies

used by Harbor Springs Public Schools are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. No material misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 16, 2008.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of Harbor Springs Public Schools for the year ended June 30, 2008, we noted the following list of items which we feel deserve comment:

Public Act 621

The School has excellent procedures and controls in place to prepare and monitor the budgets. However, we did note the following item that was not in compliance with Public Act 621 (Uniform Budgeting and Accounting Act).

Central Services expenditures of \$215,802 in the General Fund exceeded the budgeted amount by \$760 which we consider to be immaterial.

Limited Internal Controls Over Decentralized Cash Collections

Management is responsible for establishing and maintaining internal controls over cash for the District.

At many school districts, internal controls over decentralized cash collections present a challenge for management. The District currently does not have effective controls in place related to decentralized cash collections.

This condition was caused by limited personnel involved in the process and a lack of documentation related to the cash collection process.

The effect of this condition is that an environment is created in which the potential exists for cash collections to not be deposited into the District's bank accounts and go undetected in the financial recordkeeping process.

The District is aware of this limitation, and is in the process of evaluating and implementing new controls to correct or mitigate this situation in the future.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.